

AMENDMENTS TO CHAPTER 514E

The following measures amending Chapter 514E were passed and signed by the Governor during the 2001 Legislative Session:

Act 17, SLH 2001 (effective April 25, 2001)

- "Acquisition agent" is redefined to exclude all individuals employed by or in contract with a licensed real estate broker or a registered acquisition agent. This change effectively eliminates the requirement that OPC's register with the Department.
- OPC's are still required to comply with all time share laws and rules.
- Employing sales agents and acquisition agents are still responsible for the acts of their OPCs.

Act 18, SLH 2001 (effective January 1, 2002)

- Notice of seven-day rescission right must appear above the signature line of any sales contract or agreement.
- Promotional material must include a disclosure that the product or activity involves time share. Chapter 106, Hawaii Administrative Rules, will be amended to provide acceptable disclosures.

Act 27, SLH 2001 (effective April 25, 2001)

- Sales agents and resale agents are no longer required to register as time share agents, as they are already required to be licensed real estate brokers.
- EIC's are no longer required to register as time share agents, as they are already required to be licensed real estate brokers or salespersons.
- Acquisition agents who are licensed real estate brokers are no longer required to register as time share agents.
- Any acquisition agent that is not licensed as a real estate broker is still required to register under Hawaii Revised Statutes Chapter 514E as a time share agent.

Act 70, SLH 2001 (effective April 27, 2001)

- Developers are no longer required to provide a purchaser with Hawaii's seven-day right to cancel or Hawaii's disclosure statement if the purchase occurs outside of Hawaii.

Act 71, SLH 2001 (effective April 27, 2001)

- Time share agents are no longer required to wear an identification badge.

Act 223, SLH 2001 (effective June 13, 2001)

- Owners of time share interests are allowed to receive referral fees without being licensed under Chapter 467.
- Limitations: (1) fee shall not exceed \$1000 per project during any twelve month period; (2) fee shall be in the form of a credit or other non-monetary compensation; (3) owners are limited to providing only the name and address of a prospective purchaser; (4) owners shall not advertise or promote the time share plan.

Other Acts affecting the time share industry:

Act 68, SLH 2001 (effective April 27, 2001)

- Time share plans are excluded from the definition of “planned community” (Chapter 421J).
- Usury law does not apply to a debt that is secured by a time share interest if the time share interest is not governed by §478-8(a) or 478-8(b)(1) to (4) and the rate of interest does not exceed 18% per year.

Act 237, SLH 2001 (effective June 13, 2001)

- Developers are no longer required to provide a copy of the condominium public report or the condominium 30-day right to cancel to purchasers of a time share interest located in a condominium.

The Acts may be viewed on the Internet at www.capitol.hawaii.gov. (Select “Status and Documents”; “Lists of Acts”)

Should you have any questions, please contact the Time Share Program at (808) 586-2709.